

- 1 **Q. Why is the Board being presented with a single option – the full replacement of the**  
 2 **existing CSS? The Board is being asked to approve a brand-new off-the-shelf CSS**  
 3 **or reject/defer the project that Newfoundland Power says is not an option. Is this**  
 4 **correct?**  
 5
- 6 **a) Is Newfoundland Power giving the Board no choice but to approve a new \$31.6**  
 7 **million CSS? What other options is Newfoundland Power giving the Board?**  
 8
- 9 **b) Is there nothing in between such as developing a list of the minimum essentials**  
 10 **for a CSS and calling for bids, or setting a budget of \$x and calling for**  
 11 **consultants to provide what they can for that amount?**  
 12
- 13 **c) What types of leasing arrangements were considered?**  
 14
- 15 **d) If the Board approves a 2021 CBA for an amount that is \$10 million less than**  
 16 **the requested amount, will Newfoundland Power undertake all projects**  
 17 **submitted in its 2021 CBA anyway and let its shareholder absorb the 2021 cost**  
 18 **of the CSS Replacement Project?**  
 19
- 20 **A. a) Newfoundland Power’s *Customer Service Continuity Plan* is based on an**  
 21 **assessment of 4 alternatives: (i) maintain the status quo; (ii) extend the functionality**  
 22 **of CSS through bolt-on applications; (iii) re-platform CSS by technically migrating**  
 23 **the system to a supported environment; and (iv) replacing CSS with a modern**  
 24 **Customer Information System.**  
 25
- 26 Each alternative was assessed against whether it would mitigate the technical and  
 27 functional risks facing Newfoundland Power’s customer service delivery. The  
 28 assessment determined that replacement with a modern Customer Information  
 29 System is the only viable option to ensure continuity in the delivery of service to  
 30 customers.<sup>1</sup> This is consistent with current industry experience.<sup>2</sup>  
 31
- 32 **b) Newfoundland Power’s *Customer Service Continuity Plan* is based on an**  
 33 **assessment of current industry practice. The plan proposes to replace CSS with a**  
 34 **modern Customer Information System that delivers the Company’s existing**  
 35 **business requirements. This is, in effect, the minimum set of requirements for a**  
 36 **replacement solution.**

<sup>1</sup> See the *2021 Capital Budget Application, Volume 1, Customer Service Continuity Plan*, pages 7 to 11.

<sup>2</sup> A survey conducted in 2018 indicated that Newfoundland Power is the last mid-to-large Canadian utility operating a legacy system with no upgrade path provided by the original vendor. Current industry practice is to implement a modern, commercially available solution from a leading vendor. For a copy of this market assessment, see the *2021 Capital Budget Application, Volume 1, Customer Service Continuity Plan, Attachment A, Appendix A*.

- 1 It is not standard industry practice to procure a modern Customer Information  
2 System by setting a budget of \$x and calling for consultants to provide what they  
3 can for that amount.  
4
- 5 c) Leasing Newfoundland Power's new Customer Information System would, in  
6 effect, require outsourcing the Company's customer service delivery function to an  
7 external provider. See response to Request for Information CA-NP-078 for  
8 information on this issue.  
9
- 10 d) Newfoundland Power will undertake the *CSS Replacement Project* if it is approved  
11 by the Board.  
12
- 13 Historically, the Board has issued orders approving capital expenditures on a  
14 project-by-project basis. To Newfoundland Power's knowledge, the Board has not  
15 approved arbitrary capital budget amounts, or amounts that are not specifically  
16 linked to a proposed capital project.  
17
- 18 Approving an arbitrary capital budget amount, such as an amount that is  
19 \$10 million less than the requested amount, would be inconsistent with past practice  
20 of the Board. The Company has not considered what actions it would take if the  
21 Board approved an arbitrary budget amount.